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8 May 1953

MEMORANDUM FOR: Chairman, CIA Career Service Board

FROM: Executive Secretary, CIA Career Service Board

SUBJECT: Insurance Study

1. In accordance with instructions received on 3 May from the CIA Career Service Board Steering Group there is submitted herewith a proposal for carrying out the decision to institute an insurance study taken by the Board at its 5th meeting on 10 March. That decision, taken simultaneously with the decision not to recommend a Hazardous Duty Pay Program, was as follows:

"It was agreed that as quickly as possible a very thorough study would be instituted to determine whether or not it is possible for CIA to enlarge its insurance program for the benefit of employees in the various categories and whether or not additional legislation would be required."

2. A general summary of the background for this decision follows. This summary should not be regarded as exhaustive. It would appear that at no one point in the Agency have all the facts bearing on the problem yet been assembled.

a. Group Health Insurance is available to departmental employees and certain overseas employees through two programs 1) Government Employees Health Association (GEHA) - a CIA sponsored employees organization which has an agreement with Omaha Life Insurance Company and 2) Group Hospitalization, Inc. (GHI), the standard Blue Cross-Blue Shield hospitalization plan which is available through an agreement between CIA and GHI. The GHI program is newer than the GEHA program, provides better coverage, and probably will supplant the GEHA program. However, it is said that certain persons covered by GEHA cannot be covered by GHI. At the time the GHI program was approved in 1952, it was recognized that it was the best available at that time but that it was not ideal.

b. Group Life Insurance is available to overseas employees through War Agencies Employees Protective Association (WAEPA), a US government sponsored association providing standard group life

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coverage to any overseas employee of the US government.

c. Disability compensation is available through standard U. S. Bureau of Employees Compensation rates, provisions and procedures.

d. Retirement for disability is available through standard Civil Service Retirement Fund rates, provisions and procedures.

e. By reason of the unique mission of CIA and the security circumstances surrounding it, CIA personnel are placed at a disadvantage with respect to ordinary civilian commercial insurance of all types. Among those disadvantages are

(1) The threat of one of the largest life insurance companies to place an automatic ceiling on the amount of life insurance that could be written for any CIA employee unless certain security facts regarding occupation and location are made known to the company.

(2) The fact that for security reasons CIA personnel may have to dissemble or at least tell less than the whole story when making application for insurance which may render the policy liable to voidance by the company for failure to disclose the facts regarded by the company as pertinent.

(3) The fact that travel on military aircraft, charter aircraft or non-scheduled air lines on official business may render invalid an employee's personally acquired insurance due to "fine print" clauses in many policies.

(4) Other disadvantages may be discovered when the problem is fully explored.

f. It has been stated that there are certain risks and hazards that are inherent in employment as such in CIA.

g. There is no question that there are risks and hazards connected with certain activities conducted by CIA. The policy decision taken by the Board was that these risks should be covered by insurance if possible rather than by incentive or hazardous duty pay.

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25X1 3. Discussions in May of 1952 with a partially cleared insurance
consultant [redacted]

25X1 [redacted] brought out the following recommendations:

- a. That a full time consultant be employed
- b. That he be fully cleared security wise
- c. That he not be associated with a company selling insurance
- d. That he be competent, primarily, from an actuarial point of view
- e. Persons in order of desirability have been suggested.



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4. It is recommended

a. that an Insurance Task Force be set up composed of the following persons

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| (1) | [redacted] | Special Assistant to DD/P and President |
| of GEHA. | | |
| (2) | [redacted] | Acting General Counsel |
| (3) | [redacted] | Chief, Employee Services Staff, |
| | | Personnel Office. |

b. that this Task Force plan and ensure that there be carried out the study referred to in paragraph 1 above.

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e. that there be employed on a consultant basis a suitable actuary who working under the direction of the Task Force compile the necessary technical data on the basis of which policy can be recommended by the Task Force for the consideration of the CIA Career Service Board.



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